GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:480
ANSWERED ON:28.02.2008
HIKE IN THE PRICES OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of increase and decrease made in the prices of petroleum products during the last three years till date;

(b) whether the Government are presently contemplating to increase or decrease the prices of petroleum products;

(c) if so, the details in this regard and the criteria followed for increasing or decreasing these prices; and

(d) the steps taken by the Government to give relief to the common consumers from the increasing prices of petroleum products as it affects the price of essential commodities?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a): The increase/decrease in the prices of sensitive petroleum products during the last three years with effect from 1.4.2005 are given in Annexure.

(b)to(d): The global prices of crude oil and petroleum products have remained high and volatile since 2004. In view of this, the Public Sector Oil Marketing Companies (OMCs) are incurring under-recoveries on domestic sale of sensitive petroleum products namely petrol, diesel, PDS kerosene and domestic LPG. As passing on the entire impact of the steep increase in the oil prices to the consumers will result in hardship to the common man, the retail selling prices of petrol, diesel, PDS Kerosene and domestic LPG have not been increased in tandem with the international oil prices.
The Government has adopted the principle of equitable burden sharing between the Government, the oil PSUs and consumers to protect the interests of common man, vulnerable sections of society and also the financial health of OMCs. In this context, the Government has made marginal increase in petrol and diesel prices by Rs. 2/litre and Re. 1/litre respectively with effect from 15.2.2008 which is actually in the nature of a restoration of retail prices to the price level operating before February, 2007. The Government has issued Oil Bonds and Upstream Oil Companies have contributed by offering discount on crude oil and petroleum products to partially compensate the under-recoveries of OMCs.
Despite the steep increases in international oil prices, the Government has not increased the prices of PDS Kerosene during the last six years and of Domestic LPG during the last three years. The Government is closely monitoring the international oil prices and will continue to protect the interests of consumers.